



Treasury Financial Manual

Transmittal Letter No. 625

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

1. Purpose

This transmittal letter releases revised I TFM 4-7100: Check Reclamations. This chapter provides information on check reclamation policies and the Financial Management Service's reporting procedures for processing check reclamations.

2. Page Changes

Remove

Table of Contents for Part 4 (T/L 624)

I TFM 4-7100 (T/L 579)

Insert

Table of Contents for Part 4

I TFM 4-7100

3. Effective Date

This transmittal letter is effective immediately.

4. Inquiries

Direct questions concerning this transmittal letter to:

Reclamation Branch
Financial Processing Division
Financial Operations
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 700D
Hyattsville, MD 20782
Telephone: 202-874-7770

Richard L. Gregg
Commissioner

Date: January 18, 2006

Part 4 – Chapter 7100

CHECK RECLAMATIONS

This chapter provides information to Federal program agencies (FPAs) on policies, procedures, and reports issued by the Financial Management Service (FMS) regarding the processing of check reclamations.

Section 7110—Scope and Applicability

FMS is responsible for reclamation of funds on improperly negotiated Treasury checks. This chapter includes reports and guidance to FPAs to assist them in tracking and monitoring the check reclamation process.

Section 7115—Authority

The applicable regulations governing this chapter are:

- 31 Code of Federal Regulations (CFR) Parts 5 and 240, and 4 CFR Parts 101-105 (Federal Claims Collection Standards);

AND

- 31 United States Code 3302 (b).

Section 7120—Definition of Terms

Administrative Fee—Fee assessed to cover administrative costs incurred as a result of delinquent debt.

Administrative Offset—Withholding money payable to a person or held by the Government to satisfy a debt the person owes the Government.

Check(s)—Check(s) drawn on the U.S. Treasury (Treasury).

Delinquent Debt—An overdue debt, including administrative fees, interest, and penalties that a presenting bank owes as a result of the reclamation that is not paid within 60 days from the date on the reclamation ticket.

Financial Institution—Any bank, savings bank, savings and loan association, Federal or State chartered credit union, or similar institution.

Interest—Charge assessed when a debt is considered delinquent for 60 days. The interest rate assessed is that of the current value of funds to Treasury; that is, the Treasury tax and loan rate.

Partial Credit—Funds received on check reclamations that do not cover the total outstanding balance of principal, interest charge, penalty charge, and administrative fee.

Penalty—Charge assessed after a debt is delinquent for more than 90 calendar days. The rate is set at 6 percent per annum.

Receivable—A debt owed to the Government.

Reclamation—A demand made by Treasury for refund of the amount of a check payment.

Reclamation Date—The date that the reclamation ticket (request for refund) was prepared.

Section 7125—Check Reclamations

FMS reclaims on improperly negotiated Treasury checks, as provided for in 31 CFR Part 240.4. When FMS receives a credit that equals full principal, FMS will forward the credit to the FPA if the FPA is holding the receivable.

FMS forwards partial credits received to the FPA with an indicator that the credit is partial. FMS will continue collection action and forward the balance to the FPA when received. FMS processes credits daily.

Section 7130—Interest, Penalty Charges, and Administrative Fees

Interest on any unpaid reclamation starts accruing on the 61st day after the reclamation date. FMS also assesses an administrative fee at that time. The administrative fee is calculated in accordance with the requirements of the Federal Claims Collection Standards.

FMS charges a penalty on any reclamation that remains delinquent over 90 calendar days. FMS may refer any reclamation that is unpaid for 120 calendar days after the reclamation date for administrative offset. If interest, penalty charges, and administrative fees were collected, FMS deposits those charges and fees monthly into Treasury's General Account 20A8183. FMS'

Accounts Branch reports the activity for the accounts on the SF 224: Statement of Transactions.

Section 7135—Collection Action

FMS will continue collection action on check reclamations until the balance outstanding becomes \$25 or less or all collection steps have been attempted, and the cost of further collection would likely exceed the amount to be recovered.

FMS does not terminate collection action if a protest or legal issue is pending resolution. FMS refunds any amount recovered on FPA receivables to the FPA.

Section 7140—Electronic Transmission of Partial Credits

When only a partial credit is collected, the indicator “CP” (credit partial) appears on the Government On-

Line Accounting Link System (GOALS II) record. The indicator “CP” displays in the “status code” field for the detail records in GOALS. For the U.S. Department of Veterans Affairs, U.S. Railroad Retirement Board, Internal Revenue Service (IRS), and Office of Personnel Management that receive their data via FMSNet, the indicator “CP” appears in the record layout at position 177 and 178. Partial credits for the Social Security Administration (SSA) are transferred to SSA by an Intra-governmental Payment and Collection (IPAC) credit document.

Section 7145—Abandoned Reclamations

FMS notifies FPAs that a reclamation was abandoned. In addition to the initial notification that a reclamation was abandoned, each month FMS reports to FPAs reclamations abandoned during the accounting month (see Appendix 1).

Section 7150—Reporting to the IRS on IRS Form 1099-C: Cancellation of Debt

FPAs are responsible for reporting only the principal amount of their uncollectible receivables to the IRS on IRS Form 1099-C. To assist FPAs, FMS sends the FPAs a report on the uncollected principal amount of receivables, at the end of the calendar year (see Appendix 2) and again at the end of February with any modifications to the data (see Appendix 3).

FMS reports to the IRS:

- The principal amount of Treasury’s uncollectible receivables;

AND

- Interest, penalty charges, and fees for all uncollectible receivables related to check reclamations.

CONTACTS

Direct questions concerning this chapter to:

Reclamation Branch
Financial Processing Division
Financial Operations
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 700D
Hyattsville, MD 20782
Telephone: 202-874-7770

Appendices Listing

App No.	Title
1	Abandonment Notice to Agencies
2	Agency Receivables for IRS Form 1099-C Reporting
3	Corrected Agency Receivables for IRS Form 1099-C Reporting

REPORT ID:	CCTRR359	FINANCIAL MANAGEMENT SERVICE	
DATE PREPARED:	MMDDYY	FINANCIAL INFORMATION	PAGE: X
ACCTG PERIOD:	MMYY	TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM	
ALC:	00001700	ABANDONMENT NOTICE TO AGENCIES	
AGENCY NAME:	DEPARTMENT OF DEFENSE	FOR THIS MONTH THROUGH: MMDDYY	
ADDRESS:	DEFENSE FINANCE AND ACCT SERVICE		
	CLEVELAND CENTER REC BR		
	DFAS-CL/JFRA		
	1240 EAST NINTH STREET		
	CLEVELAND, OH		
	44199		

CHECK SYMBOL NUMBER	CHECK SERIAL NUMBER	CHECK ISSUE DATE	RECL AMOUNT	PAYEE NAME	PAYEE ID	ABAND AMOUNT	REA CDE*	AGENCY REF NUM (SF-1184)
9999	460200NN	MMDDYY	40.00	LAURA LAMONTE	100231231123	89.72	78	R460RECLAMATIONS 2000
NUMBER OF ABANDONED ITEMS FOR THIS ALC: 1								
TOTAL ABANDONED AMOUNT FOR THIS ALC: <u>89.72</u>								

KEY REASON CODE (REA CDE) DEFINITIONS ARE AS FOLLOWS:

- 13 - RECLAMATION TERMINATED - CHECK DEPOSITED TO PAYEES ACCOUNT
- 14 - RECLAMATION TERMINATED SECRET SERVICE REPORT
- 15 - RECLAMATION TERMINATED - FAMILY INVOLVEMENT
- 23 - UNABLE TO REGENERATE RECLAMATION TO CORRECT BANK - STATUTE OF LIMITATIONS EXPIRED PREVENTING RECOVERY
- 25 - RECLAMATION TERMINATED - AGENT CASHIER/CHECK NEGOTIATED BY AGENCY
- 44 - RELEASE OF CLAIM RECEIVED
- 45 - RECLAMATION TERMINATED - (BANK CEASED OPERATION - NO FDIC)
- 47 - WRONG DATE OF DEATH
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- 79 - RECLAMATION TERMINATED - PAYEE INVOLVED IN NEGOTIATION
- 80 - RECLAMATION TERMINATED PER AGENCY REQUEST
- 87 - COSTS OF FURTHER COLLECTION ACTIONS WILL LIKELY EXCEED THE AMOUNT THAT COULD BE RECOVERED
- 89 - RECLAMATION TERMINATED ON ADVICE OF LEGAL COUNSEL

REPORT ID: CCTRR658 FINANCIAL MANAGEMENT SERVICE
DATE: PREPARED: MMDDYY FINANCIAL INFORMATION PAGE: X
ACCTG PERIOD: MMYT TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM
ALC 28045300 AGENCY RECEIVABLES FOR IRS FORM 1099-C REPORTING
AGENCY NAME: SOCIAL SECURITY ADMINISTRATION FOR TAX YEAR ENDING 12/31/YY
ADDRESS: MID-ATLANTIC PROGRAM SERVICE CENTER
CHIEF, DEBT MANAGEMENT BRANCH
3000 SPRING GARDEN STREET
PHILADELPHIA, PA
19123
EIN: 20-1212123
BANK NAME: BANK OF SAIPAN
ADDRESS: PO BOX 690
SAIPAN, MARIANA ISLANDS,
MP 96950

PAYEE ID NUMBER	CHECK SYMBOL NUMBER	CHECK SERIAL NUMBER	RECLAMATION TICKET NUMBER	PRINCIPAL AMOUNT ABANDONED	RECLAMATION DATE
R9099888	9999	43004352	1000001	30.00	MMDDYY

EIN TOTAL AMOUNT: 30.00

TOTALAMOUNTFORALC: 30.00

REPORT ID: CCTRR659 FINANCIAL MANAGEMENT SERVICE
 DATE: PREPARED: MMDDYY FINANCIAL INFORMATION PAGE: X
 ACCTG PERIOD: MMYT TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM
 ALC 28045300 CORRECTED AGENCY RECEIVABLES FOR IRS FORM 1099-C REPORTING
 AGENCY NAME: SOCIAL SECURITY ADMINISTRATION FOR TAX YEAR ENDING 12/31/Y Y
 ADDRESS: SOUTHEASTERN PROGRAM SERVICE CENTER
 CHIEF, DEBT MANAGEMENT BRANCH
 PO BOX 380580
 BIRMINGHAM, AL
 35283

BANK NAME: FIRST HAWAIIAN
 ADDRESS: PO BOX 3200
 HONOLULU, HI 96847

<u>EIN</u>	<u>PAYEE ID NUM</u>	<u>CHECK SYMBOL NUMBER</u>	<u>CHECK SERIAL NUMBER</u>	<u>RECLAMATION TICKET NUMBER</u>	<u>PRINCIPAL AMOUNT ABANDONED</u>	<u>RECLAMATION DATE</u>
10-1010101	BIM3233	9999	42004101	1000001	11.25	MMDDYY
EIN TOTAL AMOUNT:	10-1010101				11.25	
TOTAL AMOUNT FOR ALC:	28045400				11.25	

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